

## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.



Publication Extracts Which Present Diversified Viewpoints

On The Question

THE FARMER AND THE CONSUMER OF FARM PRODUCTS -- WHAT, IF ANY,  
ARE THEIR RESPONSIBILITIES TO ONE ANOTHER?



— — — — — CONTENTS — — — — —

<u>The Farmer's Position In National Life</u>	Page
The Agricultural Problem,--A Challenge To American Business; M. W. Alexander--	1
<u>Segments Of The Nation Cannot Ignore Each Other</u>	
Agriculture And Industry Are Interdependent; C. C. Davis-----	1
<u>Industry's Functions For Society</u>	
Economic Balance For Recovery; George H. Houston-----	2
<u>The Farmer's Reduced Income Creates A National Emergency</u>	
Radio Address; R. G. Tugwell-----	2
<u>The General Economic Level Will Move With The Farmer</u>	
Report: Agricultural Policy Committee, National Chamber of Commerce	4
<u>Individualism Or Organization</u>	
Marketing Agreements Under A.A.A.; Edwin G. Nourse-----	4
<u>The Farm Situation And Unemployment</u>	
The Farm Business; R. L. Horne-----	4
<u>Ways To Protect the Consumer's Dollar</u>	
The Consumer's Dollar; Edward A. Filene-----	5
<u>Retail Grocer In A Two Fold Capacity</u>	
The Man Who Sells Your Products; Don Ross-----	6
<u>Consumers Are Producers Also</u>	
The Consumers And The Land; Henry A. Wallace-----	6
<u>Why Consumer's Cooperation Is Necessary</u>	
America's Answer; The Cooperative League-----	7
<u>Agricultural Cycles Are Due To Production Not Business</u>	
Agricultural Prices Cycles and Business Cycles; L. H. Bean-----	7

<u>Agricultural Cycles Are Dominated By Business Cycles</u>	Page
The Business Cycle And Agriculture; Alvin H. Hansen-----	10
<u>Nature's Relation To Agriculture And To Industry</u>	
General Problems Of Agriculture; Albert Henry-----	11
<u>No Essential Industry Comes First</u>	
Leave Us Alone; Glenn W. Birkett-----	12
<u>Control Necessary To Balance Farm And Urban Income</u>	
The Farm Business; R. L. Horne-----	12
<u>Farmers' Increased Income Causes Trade Rise</u>	
Added Purchasing Power Of Farmers Key To Trade Rise; G. T. Hughes--	14
<u>The Farmer Has An Obligation To Help His Partners</u>	
Wheat Partnership; Donald White-----	15
<u>Industry Needs To Give The Farmer Facts</u>	
Agriculture And Industry; Editorial, Successful Farming-----	16
<u>What A rural Civilization Can Be</u>	
Rural Population Must Be Maintained; George Russell-----	16
<u>What Cooperative Action Has Accomplished In Denmark</u>	
An Agrarian State And An Economic Democracy; F. C. Howe-----	17
<u>Live And Let Live</u>	
Letter: Iowa Farm Wife-----	19
<u>Price Relief Or Nationwide Boycott By Consumers</u>	
Statement; New York City Committee-----	20

The Farmers' Position In National Life: M. W. Alexander

"American farmers as a group are buying about six billion dollars' worth of manufactured goods from American industry each year.

"They are paying, in addition, for about four billion dollars' worth of services rendered by others annually.

"They are supplying one-eighth of the tonnage carried by the railroads.

"They are exporting about one-half of the total value of exports from the United States.

"They are debtors to other groups to the enormous sum of over twelve billion dollars.

"Is there any further argument needed to show the close relationship and interdependence between American agriculture and other economic groups in our national life? Does this not make quite clear that, if agriculture is economically handicapped--and hence not prosperous--industry, commerce, finance and transportation can not attain their full measure of prosperity?

"American farmers and those depending upon them constitute nearly one-third of our population.

"These few striking facts will suffice to drive home with unmistakable force the national character and fundamental aspect of our agricultural life from an economic, social and political point of view and the imperative need for cooperation between all groups in our business structure, to the end that there may be a proper balance that may be helpful alike to the progressive unfolding of each group without injuring the opportunity and development of any other group. Let it be clearly borne in mind that in our complex modern society we can not, and we do not singly or in groups, live at each other's expense, but live by each other's aid. No one group can gain any permanent advantage over another group without in the long run injuring itself and the nation.

"The Agricultural Problem - A  
Challenge to American Business".

M.W.Alexander, address, before  
Nat'l Rep. Club., N.Y.C.

Segments Of The Nation Cannot Ignore Each Other:--C.C.Davis

"I think it is of the greatest importance that the Nation should not again invite the dangers of a prostrate agriculture. The time has passed when segments of industry and agriculture can ignore their interdependence. We can face the future with hope and confidence so long as the whole country keeps on the upgrade. We should look upon our agriculture as a part of the economic fabric of the Nation. Its welfare is linked to the economic welfare of the people employed in the mills and factories of our great cities. And the



roots of their prosperity in turn are watered and fed by the entire Nation."

From "Agriculture and Industry are Interdependent"  
C. C. Davis,  
Utah Farmer,  
June 25, 1934.

Industry's Functions For Society: C.H. Houston

"Industry may be said to perform three functions for society--

1. The production of goods and services required by the population.
2. The provision of gainful employment for those who desire it; and
3. The provision of an opportunity for the investment of the savings of the people in such a manner as to obtain therefrom an income and to provide a reasonable conservation of such savings until they are again wanted by the owner.

I do not believe it is too much to say that the relative emphasis placed upon each of these functions of industry in society will determine the character of the resulting social order. Undue emphasis upon the third will tend to create monopolies in the production of goods and services for the purpose of extracting from the national income all the traffic will bear for the benefit of the investor; undue emphasis upon the second may easily, as in the Guilds of the Middle Ages, create similar monopolies for the benefit of those gainfully employed. The first function, the production of goods and services, has always been the prime objective of industry and anything interfering with this has been considered contrary to the public interest."

"Economic Balance For Recovery"  
George H. Houston  
Economic Forum, Winter 1935

The Farmer's Reduced Income Creates A National Emergency: Rexford Tugwell

"It is not necessary to debate the gravity of this agricultural emergency with the man who is getting 30 cents for wheat, or 6 cents for cotton, or 3 cents for hogs. With prices at that level, it is difficult for him to pay his taxes, let alone pay interest on his debts. He is, in thousands of places, facing the probable loss of his farm and his home, if he has not already lost them. If that is not a national emergency, what is?

"But let's trace the thing back a few steps, for the benefit of those who do not feel, at first hand, the full impact of 30-cent



wheat and 6-cent cotton. Perhaps we can show them that those prices are just as tragic for the entire Nation as they are for the farmer.

"Back in 1929 the cash income of all persons in this country, except farmers, was fairly high. By 1932, however, it had declined about 38 per cent. The city family getting an income of \$3,000, in other words, by 1932 had to readjust its standard of living to an income of less than \$2,000. That was a pretty stiff cut, but it was luxury itself compared to the cut the farmer had to take. The farmer's gross income, between 1929 and 1932, dropped 57 per cent -- more than half. Yet the prices of the things he had to buy -- his machinery, his fertilizer, his clothing, and his other purchases -- declined only 28 per cent.

"As a result, farmers were able to buy, during 1932, only 60 per cent as much of the goods and services which city workers produce as they bought during 1929. Obviously, that reduction in the farmer's buying power affected not only the farmer; it made a serious dent in the income of all those persons who depend directly on the farmer -- the small-town merchants, the doctors, and the railroad employees, among others. And since 44 per cent of the entire population of the United States or more than two out of every five inhabitants -- live on farms or in small towns and villages, we have to conclude that the reduction in farm income has wiped out nearly half the buying power of 44 per cent of our population.

"As the manufacturer of radios ponders that fact, and the maker of shoes and clothing, and the railroad employees who helped haul grain away from the farm and haul city products back to it -- as all these individuals ponder that fact, and begin to sense its importance, perhaps 30-cent wheat and 6-cent cotton will seem like a national emergency, after all.

"We can provide an even more direct measure. We know, for example, that the city industries which make farm implements, and fertilizer, and binder twine are directly dependent on the farmer's buying power. We also know that the automobile industry, the tire industry, the oil industry, and portions of other industries which supply materials to automobile makers -- we know that these industries find a large part of their outlet upon the farms. In 1929, as a matter of fact, 42 per cent of all the automobiles in the country were in rural communities.

"The industries I have just named found their market so reduced, last year, that more than half of their employees (as of 1929) were laid off. Much the same story must be told for the makers of clothing, of paint, of magazines and newspapers -- of everything, in a word, that farm families normally buy. All told, it is conservatively estimated that between six and seven million city workers are now unemployed directly or indirectly because of the decline in the farmer's buying power.

General Economic Level Will Move With The Farmer: Report, Nat'l Chamber Of Commerce

"It (agriculture) might sustain itself on a lower hand-to-mouth level, as it existed for many centuries before the dawn of the present order of civilization, but it will not sustain the great industrial superstructure we have built upon it. The farmer will continue to eat but he will not be able to buy. He will devote more of his energy to sustaining himself and less to sustaining others. He will have the bare essentials of existence, probably at the cost of much toil and sweat. Anything more than these bare essentials which our ingenuity has devised and made available he will do without. If he cannot rise to the general economic level to which through the course of the last century we have lifted ourselves, the general level will sink to his."

Report: Agricultural  
Policy Committee of  
National Chamber of  
Commerce

Individualism Or Organization: Edwin G. Nourse

"On the one hand are those who would leave every producer, processor, and distributor free to seek what he conceives to be his own personal advantage in each marketing situation as it develops from day to day and from season to season, believing that through flexibility and competitive freedom of each individual the soundest adjustment of the whole matter for each industry would work itself out.

"On the other hand are those who believe that the geographical and technical conditions of the modern metropolitan milk market and the hazards of highly specialized commercial production of horticultural products remote from the areas in which they are consumed create risks so great that they can be effectively met only by developing agencies for the more comprehensive co-ordination of individual efforts."

"Marketing Agreements Under AAA"  
Edwin G. Nourse  
Brookings Institution  
October 1935.

The Farm Situation And Unemployment: R. L. Horne

"Imagine lining up before the employment window of a large factory in your city. You want a job. Let us suppose you want a job as a machinist in an automobile factory. When it finally comes your turn to talk to the man in charge, you tell him about your schooling, past experience and perhaps a good many other things such as the number of people who depend upon you for support, whether you are married or single, and how long you have been out of work. The man at the window appears to be

interested and jots down a few notes and then smiles politely and says that he cannot do a thing for you until the prices of lard, cotton and tobacco go up. No, Sir, not a thing.

"Altho at first this man may seem to be slightly unbalanced, perhaps, on second thought there is something to what he says. Indeed, if he added a few more products to his list the fool might turn out to be the wise man after all. Low prices, of course, mean low incomes for the farmers who produce lard, cotton and tobacco for sale. Low incomes mean that by the time the farmers pay taxes, and something on their debts here and there, they have very little money left to spend for radios, furniture and automobiles. And if the factories which produce radios, furniture and automobiles in turn find one fourth of their customers can no longer buy, they reduce output and try to cut expenses where ever possible. Cutting expenses not only calls for turning people away at the employment window. Very likely it means dropping a large number of old employees as well."

The Farm Business  
Roman L. Horne  
Univ. of Chicago Press  
1935.

Ways To Protect The Consumer's Dollar: E. A. Filene

"It has been discovered by actual surveys in America that the average American family, year in and year out, spends sixty-five percent of its income for food and housing - leaving only thirty-five cents out of the average Consumer's Dollar to provide for education, recreation, medical care and other things, including the buying of the great bulk of things which American business men have to sell.\*\*\*\*\*

"There is a way, however, by which that Consumer's Thirty-five Cents can be made to purchase a greater volume of goods. That is by eliminating waste in the process of production and distribution of those goods. That will make it possible to charge lower prices, either directly by markdowns or indirectly by raising wages, or both - thus securing a larger market and thus enabling one to utilize the great economies inherent in mass production and mass distribution.

"There are many wastes, however, which are outside the usual business practices. Governmental wastes are the most notable. Every business man has long known about these wastes, but aside from the fact that they add to his individual taxes he has not been greatly disturbed by them. A few of the more public-spirited have consistently campaigned against them; but the rank and file of business men have been too busy, as they supposed, with their own businesses, to take any very active part in eliminating graft from government, unless conditions became so bad as to create a public scandal.

"Such business men, it should be noted, if told about a theft in their businesses, never said that they were too busy with their regular



work to think about things like theft. Every bit of graft or of waste through inefficiency in government, however, constitutes a theft of some part of the Consumer's Thirty-five Cents and closes some market to all legitimate businesses. When this is once known and understood, it will be acted upon and we may be sure at last that graft and racketeering will go.

"I do not pretend to know all that will be done to defend and protect the Consumer's Dollar and to enable it to purchase more things which the consumer wants. I do know that business will not then concern itself with high-pressure salesmanship, but will employ the less wasteful method of consumer research. That is, it will find out what the consumer wants and find out how to provide it for him, instead of going to the trouble and expense of overcoming his resistance to buying something which he does not want, and the purchase of which will spoil him as a customer."

The Consumer's Dollar.  
Edward A. Filene  
John Day Pamphlet, 1934.

The Retail Grocer In A Two Fold Capacity: Don Ross

"These past few years have burned, in letters of fire, one fact into the minds of food distributors -- that the farmer must have for his products the highest price the consumer will pay. Otherwise, the farmer himself cannot buy from grocery stores. His trade is important and sought after by most merchants because it bulks 50% or more of total volume in rural areas of the Midwest.

"This brings us to the point where we see the retail grocer in a twofold capacity. On one hand, he is a salesman who has thousands of products on his shelves. He advertises his wares and wants farm trade. In rural communities, and even in small cities, he admits he couldn't exist if he lost his farm trade.

"On the other hand, he is a buyer. He buys eggs, butterfat, vegetables, fruits, perhaps poultry or other farm products. In this capacity, he is helping create a market for farm products. It means that he is aiding the farmer to secure a greater income. The thousands and thousands of rural grocery stores comprise a mighty important market for farm products."

"The Man Who Sells Your Product  
by Don Ross  
Successful Farming  
August 1935.

Consumers Are Producers Also: Henry A. Wallace

"Few consumers exist purely as consumers. Most consumers are also producers. Even the housewife is usually more interested in seeing that the pay envelop of the family wage earner is large, than in seeing

that the funds which are in the pay envelop are used most effectively. When the housewives of the nation are torn between loyalty to their families as consumers, and loyalty to their husbands as producers, the consumer point of view becomes confused and uncertain. The wife of a textile mill operative is not likely to wish for clothing prices so low that her husband's wages have to be cut, any more than the wife of the cotton farmer wants to see cotton prices and income fall below a decent minimum.

"The only practical answer to this confusion of loyalties, it seems to me, is first to grant producing groups the right to organize, and second, to insist that these groups work for continually expanding purchasing power and economic balance among themselves. I mean by this that our economy functions best when the output of the shoe factory worker and the output of the wheat farmer, for example, are such that the maker of shoes can buy all the bread he needs, and the farmer can buy all the shoes he needs. This does not happen when we have a glut of wheat and a shortage of shoes. Somewhere there is a point of balance, and it is to the interest of both groups to find it."

The consumer and the Land  
Henry A. Wallace  
Address  
June 7, 1935.

#### Why Consumers' Cooperation Is Necessary: Cooperative League

"There is one real solution. City consumers must organize into consumers' cooperatives to buy direct from farm cooperatives and eliminate the excessive middle-men's tolls that are crushing both city and farm workers. \*\*\* Neither farm nor city consumers can solve their problems separately. Farmers can buy their supplies and sell their products cooperatively but they will go broke or live in poverty because they cannot control the price they get. Factory and office workers can organize into labor unions but must still live on a low scale because they do not control the prices of what they buy. Farm, factory and office workers must unite and form Consumers' Cooperatives to eliminate the toll-taking private-profit middle-men. This is the only way economic justice and freedom can be gained."

"America's Answer"  
Pamphlet 341.  
The Cooperative League,  
New York City.

#### Agricultural Cycles Due To Production, Not Business: L. H. Bean

"One of the common generalizations accepted by many as a self-evident fact is that high agricultural prices go hand in hand with industrial activity and that low agricultural prices immediately or eventually bring on a business depression. This view is not fully substantiated by an examination of fluctuations in farm product prices and in general business activity during the past 50 years. A more accurate statement of what the past relationships have been is that periods of

low agricultural prices have been followed by periods of industrial prosperity and that periods of relatively high agricultural prices have been followed by industrial depressions.

"Our studies indicate that fluctuations in agricultural prices are largely the result not of business conditions but of fluctuations in production, large crops bringing low prices and small crops high prices. This is particularly true for field crop prices. In the case of prices of livestock and livestock products, business activity or the buying power of consumers is probably a more important factor than in field crop price changes, but still much less important than production. On the whole it may be said that agricultural production rather than business activity is the dominant factor in the agricultural price cycles. It is thus reasonable to consider agricultural production and prices as causal factors playing on business conditions.

"The apparent relationships between agricultural price cycles and business cycles of the past 50 years may now be summarized briefly, as follows:

"1. Since 1875 there have been six periods of relatively low agricultural prices. Each of these has been followed by a period of industrial prosperity.

"2. During the same 50 years there have been five periods of relatively high agricultural prices. Each of these excepting one (No. 6) has been followed by a period of business depression.

"3. Generally, each period of recovery in business activity was initiated during a period of low agricultural prices, and each period of business prosperity terminated with high agricultural prices.

"4. These inverse movements in agricultural prices and business activity appear to have been more marked during the first 25 years of the period covered than during the last 25 years.

"5. The periods of relatively low agricultural prices have varied in duration from approximately three and one-half to six years and periods of relatively high agricultural prices approximately from three and one-half to four and one-half years. The comparable periods of business prosperity and depression have been less regular in duration.

"6. The price cycles have fluctuated roughly between 10 percent above and 10 percent below the average or trend (excepting the war and postwar period). Business activity during the first half of the 50-year period fluctuated, roughly, between 15 percent above and 15 percent below the trend, and within a range of around 10 percent in either direction during the last 25 years.

"Are these facts mere coincidence or of economic significance? The fact that the inverse movements in agricultural prices and business activity can be traced consistently through each of the 11 periods except 1 suggests that the agricultural price fluctuations either are in themselves factors in general business conditions or represent



conditions which affect industrial welfare. A consideration of the way agricultural production, prices, and income affect business activity leads to the conclusion that the indicated relationships are something more than coincidence.

"Since the fluctuations in agricultural prices are largely the result of changes in production, it is obvious that periods of low prices (or large farm output) stimulate those activities which are engaged in financing, transporting, warehousing, manufacturing, distributing, and exporting farm products. Industrial employment and the purchasing power of urban consumers consequently tend to increase, and while food prices remain relatively low the urban market for nonagricultural products (such as automobiles and radios during the postwar period of low agricultural prices) is increased. As industrial recovery continues it also tends to strengthen some agricultural prices, particularly the prices of livestock products.

"In periods characterized by relatively high agricultural prices, these factors tend to work in the opposite direction. Reduced farm production, as reflected in the high prices, tends to reduce the physical volume of business done by all the enterprises which handle, process, and distribute farm products. That in itself affects adversely the purchasing power of urban consumers through reduced employment. Furthermore, the higher prices of food products now diminish the ability of city consumers to buy nonagricultural goods, and the higher prices of agricultural raw materials affect adversely the profit margins of certain manufacturing industries. At the same time the industries depending on the farm market as an outlet for their goods are affected favorably or unfavorably, depending on whether the smaller farm output has resulted in larger or reduced farm income. It is interrelationships of this nature that should be investigated in a more detailed study of the interdependence of agricultural and industrial conditions.

"The interdependence between farm and urban conditions has changed considerably during the past century. It will undoubtedly be found that industry in general is becoming less and less dependent on the immediate condition of agriculture which now constitutes about 25 percent of the country's population compared with about 80 percent a century ago. But even though the farm population is relatively less important as a market for industrial goods, farm production is still a principal source of the Nation's food products and raw materials, and will continue to exert a major influence on industrial activity.

"In applying our observations to the present situation, it is necessary to understand clearly the present position of agricultural prices in relation to other prices. As previously shown in this issue farm product prices are now approximately 80 percent of their pre-war exchange value.

"Others, of course, might not use an average of the more recent price ratios as a basis for comparison, but if this writer's assumptions are correct the present phase of agricultural prices is such as in the past has foreshadowed a lower level of business activity. But to state

more definitely whether it will again do so would call for an analysis of the major factors in the present situation other than those reflected in agricultural prices--which is not the purpose of this statement. However, those interested in the probable course of the business cycle during the next two or three years may find it of interest to compare the business cycle from 1921 to 1926 with the two highly similar preceding periods -- 1885-1890 and 1897-1902."

Agricultural Price Cycles And Business Cycle.  
L. H. Bean  
The Agricultural Situation - June 1927

Agricultural Cycles Dominated By Business Cycles: A.H. Hansen

"I do not think it is yet possible to arrive at definite conclusions with respect to the precise nature of the relation of agriculture to business cycles. The problem would be fairly simple could it be shown that sporadic oscillations in agriculture now and then generate business cycles without themselves running in cycles.\*\*\* But if it be true that agricultural production and prices themselves run in cycles, the problem becomes far more complicated. Granted that such cycles do exist, the nature of the causal interrelationship is by no means clear.

"It is quite possible, and it seems to me indeed likely, that the causal relation runs both ways. I should, however, like to advance the thesis, admitting at the outset that it is only an hypothesis, that in the main agricultural price cycles, and even to some extent agricultural production cycles, are dominated by the business cycle.

"In the war and post-war years, the violent fluctuations of business appear largely to have dominated the fortunes of agriculture. This is evident first of all in the prices of agricultural products. The great upward sweep of business from 1916 to 1919 carried agricultural prices well above the curve of industrial prices. The severe business depression of 1921 pushed agricultural prices far below industrial prices. If we follow the movements of the forty-month cycles during the last decade, we discover a high correlation between the ratio of agricultural prices to industrial prices and the business cycle. If we disregard the forty-month cycle and center attention upon the major cycle, we discover the same relationship. From 1922 to 1929 agricultural prices were rising rapidly in relation to industrial prices. In the great depression of 1930-31 the agricultural prices fell sharply in relation to industrial prices.

"This relationship becomes increasingly evident the farther agriculture is removed from a local self-sufficing economy and the more perfectly it becomes articulated with industry in an exchange relation. Agriculture is becoming more and more the football of business. Increasingly, industry is the chief buyer of agricultural products. When industry is prosperous manufacture absorbs an immense amount of agricultural raw materials, and its wage-earners, fully employed at good wages, buy large quantities of food products. When industry is depressed the bottom drops out of the market for farm products. We hear much about



the inelasticity of the demand for farm products, but a far more important matter is the violent shifts in the whole demand schedule, rising sharply and falling drastically with the ups and downs of business. Taken in conjunction with the very high degree of constancy which obtains in the volume of agricultural production as a whole, this violent rise and fall in the demand schedule for farm products would produce substantially the same fluctuations in agricultural prices whether the demand were elastic or inelastic. The degree of elasticity of demand is important only when the demand schedule is relatively fixed and production fluctuates violently. It is important as an explanation of the fluctuation in the price of individual products, the production of which may fluctuate sharply according to weather conditions, but it is not of great significance in explaining the cyclical fluctuation in the ratio of agricultural prices to industrial prices, for the total volume of all farm products does not vary greatly from year to year, especially when world output is considered. This is a distinction which, it seems to me, agricultural economists have too much neglected. To repeat, the cyclical variations in agricultural prices are to be explained not by fluctuations in volume of output, which in point of fact is relatively constant, nor by inelasticity of demand for farm products, but by the shift in the demand schedule for farm products as a whole, due to the fluctuations of business, and the consequent changes in the absorptive capacity of industry as a buyer of farm products. Therefore, while I hold Timoshenko's study, for example, to be one of the very best in this field, and while I agree on most points with his analyses, I cannot agree at all with his statement that the fluctuations of agricultural prices are chiefly dependent upon agricultural production and almost wholly independent of business. On the contrary, I hold that the cyclical fluctuations in the prices of farm products are caused chiefly by the violent shifts in the demand schedules for farm products, taken as a whole, consequent upon the fluctuations in the buying power of industry in the various phases of the business cycle."

"The Business Cycle and Agriculture"

Alvin H. Hansen

Congressional Record, January 1932

Nature's Relation to Agriculture And Industry: Albert Henry

"Although having identical aims, agriculture and industry rely upon forces and use methods that give them special and distinct characteristics. This notwithstanding that the industrialization of agriculture has been strongly urged. The two ideas are self-contradictory. From raw materials furnished by nature industry manufactures articles, the shape, size and composition of which it varies to meet the needs and convenience of the public. As a creator of articles of current use, the potentiality of industry is bounded only by human ingenuity. It creates the very forces it employs, harnesses them to its needs and uses them when, how and to the extent that it pleases; it increases or decreases, suspends or stops its production at will. Far from dominating the forces that work for it, agriculture is subject to their yoke and knows them but by their effects; despite the enormous

progress achieved, the mystery that enshrouds these forces is so deep that agriculture continues to be their plaything. It can but prepare conditions favorable to their action. Agricultural methods must therefore leave room for the unknown factor of the forces of nature, that industry does not have to take into account. The only thing agriculture can borrow usefully from industry is machinery, to do the work of human hands in cultivation of the soil and the raising of live-stock."

General Problems of Agriculture--World Trade  
Albert Henry  
October 1930

No Essential Industry Comes First: Glenn Birkett

"And if, in the face of all, they (the children) do choose to farm, I hope that they will do so in the understanding that while agriculture is to be followed primarily as a mode of life it must be conducted also as a business. A business no more sacrosanct, no more indispensable to human welfare and advancement than many another business nowadays. The surviving illusion which still holds the production of foodstuffs to be 'the one indispensable industry'--that, in my opinion, is responsible for the excess of hysterical attention with which our government embarrasses and hinders the strictly business efforts of those who till the land.

"In modern civilization no one of the essential industries comes first. They come abreast. The total collapse of any great industry--mining, transportation, banking, agriculture--would wreck civilization. The idea that production of food is all-important applies only to a primitive people.

"Even when short-handed during the war the American farmer has never failed to supply the market. The assumption that he is inefficient and unintelligent is degrading to the business, and it has no basis in fact. Whenever the price has justified it he has increased output. There is less waste, less inefficiency, on the average 160-acre farm than there is in most city offices and shops. With the spurs and hobbles that have been put upon him an American farmer has had to be extraordinarily efficient in order to stay in business at all."

"Leave Us Alone"  
Glenn W. Birkett  
The Country Home  
July 1931

Control Necessary To Balance Farm And Urban Income: R. L. Horne

"'Surplus' is a misleading word. In reality there is no surplus in any of the basic commodities except perhaps wheat. We don't really produce too much cotton or peanuts. We produce far too little.

"That brings us back to where we began. Every one knows there are thousands, even millions of people in this country of ours who don't have enough to eat. Some of them are starving. And this is true not only in hard times but all of the time.

"Let us suppose we wanted to give every American family an adequate diet. Nothing fancy, but well balanced meals such as would keep them strong and vigorous. How much food would that require?

"Two women in the United States Department of Agriculture have worked out this problem and the results they get will amaze you. In the light of their figures, the so called surpluses melt away as a fog before the morning sun. They figure that to give each family an adequate supply of milk butter and cheese would require -- but it's all in the figures below:

<u>Items</u>	<u>Percentage of Increase Required</u>
Dairy cattle	76
Beef cattle (annual slaughter)	43
Veal calves (annual slaughter)	68
Hogs (annual slaughter)	22
Sheep and lambs (annual slaughter)	42
Poultry, stock	36
Vegetable and truck crop acreage	204
Citrous fruit acreage	51
Other tree crops acreage	112

"Where are the surpluses now? But you say the poor people haven't the money to buy all this meat, fruit, eggs and vegetables. Quite so, they haven't now. But suppose they had. The farm problem would be solved.

"From this point of view the farmer's trouble is not that he raises too much, but that our urban population hasn't sufficient purchasing power to take the stuff off his hands at a price that will give him a decent living.....

"Raising the consuming power of the city people, difficult as it is, wouldn't do the trick alone. Something else is necessary. Suppose the city people eventually were able to buy the milk and cream, butter and cheese from 40 million cows instead of from 23 million. Then suppose the farmer raised their herds to 50 million. The problem of surpluses would bob right up again.

"Evidently if we are going to keep a balance between farm income and urban income, we must continue some sort of control over farm production. Not control for the benefit of farmers alone, but for the best interests of all of us.

"We are now back to interdependence. If the adjustment program succeeds in reestablishing a balance between agriculture and industry,



we are told, all will share in the benefits.

"It is easy to see that if the farmers through production which is planned to meet present demands, are able to get better prices for their lard, cotton and tobacco, they can buy more radios, furniture and automobiles.

"But what about the city folks? Now that they have to spend more of their income for their lard, cotton and tobacco, won't they have less to spend for radios, furniture and automobiles? If that is true, how does this adjustment scheme help any one but the farmer? Isn't the scheme simply a device for transferring wealth from one section of the population to another?

"That's what it looks like.

"Well, how can we stand for that, isn't that class legislation. Suppose for the moment that it is. We've got to admit that the wealth transferring business isn't anything new in our history. Farmers complain that the tariff has been transferring wealth to the city folks ever since the Civil War.....But in the long run it is possible the city folks, also, may benefit from a program that at present seems to help only the farmers. For, after the balance is restored, it may be possible for both farmer and city worker to advance together towards increased production."

The Farm Business  
Roman L. Horne  
Univ. of Chicago Press  
1935

Farmers' Increased Income Causes Trade Rise: George T. Hughes

"Nothing is in sight that could check the slow and irregular, but persistent improvement in business. The nearest thing that could come to doing it would be a sharp drop in the buying power of the agricultural districts.

"The fact is, altho Wall Street is inclined to belittle it, that the increased buying power of the farmer has played a large part in starting the revival. The best proof is in the analysis of motor car sales, showing the largest percentage of increase in distribution has come from rural sections.

"Further support is given to the proposition by the figures on mail order and chain store sales and by the business gains of the agricultural implement makers. The case of the motor industry is sufficient however. It is admitted on all sides that leadership in recovery has gone to that great industry, now opening what promises to be one of the most prosperous seasons in its history."

"Added Purchasing Power Of Farmers Key  
To Trade Rise."  
George T. Hughes  
NANA Inc., Nov. 4, 1935



The Farmer Has An Obligation To Help His Partners: D. W. White

"The farmer has a right to question, or criticize, any methods that have contributed in any measure to the steadily decreasing per capita consumption of wheat. He has a right to know what causes the spread between his price and the ultimate price at which the products of his wheat are sold.

"As the senior partner and major investor in this three-way firm of grain growing, milling, and baking, the farmer also has an obligation to help his partners, the miller and baker (who are his manufacturing and selling agents), with their common difficulty, the decline in consumption of wheat.

"Approaching an understanding of factors involved in the price spread, it is well to remember that there are some 2,200 out-and-out wheat flour mills and approximately 15,000 commercial bakeries in the country today. The devils of bankruptcy and foreclosure were equally as busy picking up the hindmost millers and bakers as they were the surplus-ridden farmers before the pressure began to ease. In spite of this there have been some farmers who have made some money every year and some millers and some bakers who have shown an annual profit.

"Most of the costs of millers and bakers, however, take the form of cash outlay, and the bank account clamps down on them more quickly than it does on the farmer, who has to operate on a twelve-month financing basis. This prevents their margins from fluctuating as much as the farmer's price.

"Flour competition forces narrow margins, but the miller can afford to take a narrow profit because he does not take the risk that either the farmer or the baker does. He hedges his wheat and flour against price changes by selling and buying in the grain exchanges and lets the other fellow speculate on price. Down or up, it is all one to him for he profits or loses but little either way.

"As a miller, he favors rising prices because fewer buyers welch on their contracts when prices are up and because higher prices raise the purchasing power of the farmers, who are among his best customers.

"The farmer takes the risk of drought, bugs, and rust, as well as the risk of wide price changes in the months between planting and harvesting. If he does not have a fairly wide margin between cash outlay and selling price at times to cover those risks, someone else is likely to get his farm.

"The baker takes the risk of flour prices going up faster than he can increase the price of bread, and on the other hand, the risk of some competitor starting a cut-price bread war when he is loaded up with high-priced flour. If the baker too does not build up a comfortable financial surplus when he gets a lucky break, the creditor wolves will be at his door the first time he slips.

"Bakers individually, meanwhile, are grappling with new distributing methods and recipes to develop greater variety and appetite appeal -- to sell more wheat products without ruinous spoilage losses or handling costs.

"There cannot be too much impatience with unfavorable conditions that have been caused over a period of years. The vast scope of such an undertaking calls for tolerance and serious cooperation from each of the partners in this three-way business -- the farmer, the miller, and the baker."

"Wheat Partnership"  
Donald W. White  
Successful Farming  
October 1935

Industry Needs To Give The Farmer Facts: Editorial

"Industries have never taken the pains to explain clearly how they operate and why they do what they do. If the farmer is to help he must have more facts, and know that they are facts and not propaganda.

"Business men have too frequently been afraid to speak frankly to farmers. They have been afraid that they would be misunderstood, afraid of being misinterpreted. Instead of the blunt frankness that farmers would appreciate and respect, they have merely said the things they thought farmers would like to hear. As a result, they have been accused of being slick, crafty, and evasive.

"Industry has an honest story to tell. It has its problems and its difficulties. Its problems are the farmer's problems. For industry and the laborers involved are the market for farm products, just as surely as agriculture is the market for the products of industry.

"The big problem before the country today is how to get laborers back to work. This cannot be done until industry finds a way to employ them."

"Agriculture and Industry"  
Successful Farming  
July 1935

What A Rural Civilization Can Be: George Russell (AE)

"By mergers, by ratification, by more efficient machinery and organization, fewer people are needed to produce what is required. Will this go on? I think so. I see in your country and in Europe gathering multitudes of workers for whom there is no employment. The very perfecting of the industrial system is bringing this about. Will not these unemployed gather in dark slums and in one room as they do in Europe, so that life will fester into rotteness?

"It is because I foresee this, that I wish to get the reformers and forseers in your country to think of building up a rural civilization, something which the world has never yet seen. It is the noblest and most practical of human enterprises, the building up of a civilization. And, it will need the highest of political genius to so organize the rural community that something of the culture and prosperity of so great a state will be reflected in the men in the villages and fields.

"I do not come to you with any cast iron policy, for I do not believe any country can marry any particular solution of the problem and live happily ever after. Life always needs continual readjustment. But, I desire to awaken thought on so great a problem and only to indicate some of the solutions which my experience in the small laboratory of Ireland suggested to me.

"I think you need at least 20 percent of your people to continue as a rural community. And, if fewer people can produce all the feed required, you must try to intersperse your agriculture with rural industries, with production supplying raw materials for urban industries, and organize your small farmers cooperatively on the land, so that you will gradually create what I call a social order, which will affect character.

"I saw this happen in my own country. Before we began to organize the farmer, hundreds of thousands of small men ran their business fearfully among a crowd of dealers and jobbers who preyed on them. In a quarter of a century the farmers in a parish, one or two hundred of them might be members of a well organized society which would buy their requirements at wholesale, market their products and so it would come about that even if a man was naturally selfish he must think of the community, for, as it succeeded he succeeded. If it failed, he failed. So the consciousness of identity of interest was born, which was the ancient Greek conception of citizenship."

"Rural Population Must Be Maintained"  
George Russell (AE)  
Nebraska Farmer  
December 27, 1930

What Cooperative Action Has Accomplished In Denmark: F. C. Howe

"The little State of Denmark is unique. It is apart from all other European countries. It is a democracy - political, industrial, social. It is not alone that Denmark has all but exiled poverty - all but wiped out economic classes. These are but by-products of something more significant that this has been achieved by farmers, for the most part by farmers owning and working relatively small farms....

"The cooperative movement, plus home ownership, plus farm ownership are the economic foundations under which these conditions have been reared...

"It is as an agricultural movement that cooperation in Denmark stands out as a contribution to the rest of the world....



"The average Danish farmer is a member of one or more cooperative associations. He may be member of a dozen. And it is the cooperative activities with which he is identified that lift his life on to a new plane. It expands his interest from his farm to the community, from the community to the state, and from the state to the outside world....

"He sells his bacon, eggs and other products in England and is thus familiar with English conditions. He buys his fertilizer, oils and other farm needs from other countries. He is interested in shipping. Railroad rates and railroad administration is a matter of profound concern. So also is the political state. The Danish peasant rose to political power by being trained by his economic needs and translates those economic needs into legislation. The same is true as to the education he receives, the books he reads, the services he demands of the state....

"These are some of the larger significances of the cooperative movement.

"Cooperation in Denmark is an economic implement of great value. The cooperator is his own processor, middleman, distributor. There is no widespread between what he receives and what the consumer pays. The spread, at least, is measured by the cost of the service rendered. One can trace an egg or a piece of bacon from a hotel kitchen in London to the Danish society from which it came. And if there is any complaint as to the product it is quickly located and the cause of the defect corrected.

"The same is true of buying. The local store, the wholesaler from which the store buys, the big central distributor in Copenhagen, are all service agencies of the farmer.

"The same is true as to credit. The farmer has his local credit union; he has his cooperative mortgage bank; ultimately, he has a state financial institution....

"The consumers' cooperative societies are almost if not quite as widely organized as the producers' cooperatives. Of these there were in 1932, 1815 societies with a membership of 312,000 and a turnover of consumption goods of 244 million kroner.

"These consumers' cooperatives are found in the towns as well as in the country districts.

"Nearly all of these organizations are members of two large wholesale cooperatives with headquarters at Copenhagen and Ringkøbing, which buy for the member societies and carry on a manufacturing business of substantial size.

"The cooperative movement has developed without aid from the state. As a matter of fact, it maintains itself separate and apart from the state..."

"An Agrarian State And An Economic Democracy"  
Frederick C. Howe  
1935

Live And Let Live: Iowa Farm Wife

"An Iowa farmer's wife injected a farmer's slant into the controversy over meat prices today with a regretful note that when farmers couldn't afford to buy goods they simply did without.

"Agriculture officials made public a letter written Secretary Wallace by Mrs. S. E. Harker, Spirit Lake, Ia., in which she decried the recent trip here of Detroit women who came to protest meat prices as being too high.

"I would like to know how those five women could spend money going to Washington,' she wrote, 'if they couldn't buy meat. I wonder what their husbands are doing - probably drawing good salaries in a manufacturing plant and the farmer helping to pay it, by purchasing machinery, clothing, and so on.

"When we farmers' wives have to buy any house furnishing we ask the price, and find it is too high for our pocketbooks - which it always is - we go home without it.'

"Mrs. Harker said it would be 'interesting' to go into some of the homes of the protesting Detroiters and then go out West into the farm belt 'and see how farmers' wives are doing without things.'

"She said many of the farmers' wives only have the bare necessities of life and some of her neighbors won't even be able to send their children to high school because they can't afford clothes or bus fare.

"As for the price of hogs,' she added, 'they are not one bit higher than beef, and how many years have farmers been feeding hogs at a loss and a big one, too.

"I bet every one of those women went to the beauty parlor before they went to Washington and paid enough for a 'permanent' to feed the family meat for a week. If the beauty parlors had to depend on farm women for their money, they wouldn't last long.'

"Many farm women, Mrs. Harker said, hope soon to be able to put their telephones back in and a few hope to get new winter coats, some of which would replace ones worn since 1921.

"The Iowa woman ridiculed talk about killing 'little pigs.'

"As long as the farmer and his wife and children worked themselves to death,' she wrote, 'and did everything so these folks could have a good living cheap - not a word was heard.'

"She advocated a 'live and let live' policy.

"Iowa Farm Wife Decries Detroit Women's Journey"  
Associated Press  
September 7, 1935

Price Relief Or Nation Wide Boycott By Consumers: N. Y. Consumers' Committee Report

"How ridiculous it is with the farmers losing their farms, to blame the situation on the poor farmers. We wish that the gentlemen who say that the farmers are receiving the extra dollars for meat would state which farmers they are referring to. Is it the wealthy dude cattle rancher ... or the poor farmer who is on the verge of being driven from the land? A humble person... would be inclined to say that the rich cattle ranchers get their cut of the juicy profits. But this same humble person would not be convinced that the majority of farmers, the poor farmers, are responsible for the outlandish prices.

"We consumers have only given the packers a taste of what might happen. If the prices do not come down we are prepared to leave no stone unturned until we have organized and launched a nation wide stoppage against butcher products.

"We consumers are tired of seeing our children go without meat when they need it to become strong. Why should we, those of us who work be forced to live without proper food?"

From the Statement Made By New York City  
Action Committee Against The High Cost Of  
Living; June 7, 1935